



ODP Announcement

ODP Audit Requirement 2016 - 2017

ODP Communication 059-17

The mission of the Office of Developmental Programs is to support Pennsylvanians with developmental disabilities to achieve greater independence, choice and opportunity in their lives.

AUDIENCE: Administrative Entities (AEs), Supports Coordination Organizations (SCOs), All Direct Service Providers (Consolidate and P/FDS Waiver and Base Providers) and Other Interested Parties

DISCUSSION: ODP has changed their Waiver rate setting methodology. The Waiver residential services will be paid on a fee schedule effective January 1, 2018, and the Waiver transportation services will be paid on a fee schedule effective July 1, 2018. ODP will no longer be using cost reports for rate setting for Waiver residential and transportation services; the last cost report used for rate setting will be the FY 15-16 cost report. **Since there is no cost report requirement for the waiver expenses incurred in FY 16-17, ODP no longer has a requirement for the submission of an audit.**

In addition, effective July 1, 2016, payments made by ODP for Waiver residential services and transportation services will no longer be deemed to be Federal awards. The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 2 CFR §200.502(i) states: *“Medicaid. Medicaid payments to a subrecipient for providing patient care services to Medicaid eligible individuals are not considered Federal awards expended under this part unless a state requires the funds to be treated as Federal awards expended because reimbursement is on a cost reimbursement basis.”* Under the Prospective Payment System (PPS), since the rates were based on a cost reimbursement basis (albeit prospectively), ODP deemed the payments to be Federal awards. With the change to a fee schedule, the costs during FY 16-17 will not be reimbursed via the PPS; therefore, ODP can no longer require that these funds be treated as Federal awards. Accordingly, there will be no Federal audit requirement for these funds effective for years ending on or after July 1, 2016.

An agency may continue to have an audit requirement based on their County contract, other funding sources, loan requirements, and/or Board requirements.

Any questions about this Announcement should be directed to ODP Fiscal Officer Agnes Rudolf at c-arudolf@pa.gov